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Anti-Kadafi Covert Acts 'Possible'

Shultz Also Says U.S. to Press for Sanctions on Libya

By DOYLE McMANUS,
Times Staff Writer

Secretary of State George P. Shultz said Friday that the United States should consider using covert action to weaken the Libyan regime of Col. Moammar Kadafi along with expanded economic sanctions and the veiled threat of additional military force.

Shultz said he believes Libya's economy "is on the fragile side right now," and indicated that President Reagan will argue at the upcoming Tokyo summit meeting of the world's major industrial democracies for joint economic and political sanctions against Kadafi.

The secretary was in Los Angeles to join Reagan. The President arrived here Friday on the first leg of a 12-day journey that will take him to Honolulu today, on to Bali, Indonesia, for most of next week and then to Tokyo for the summit.

'Indications of Dissent'

"There are lots of indications of dissent within Libya," Shultz said in an interview with editors of The Times. "If things can evolve in such a way that (Kadafi) becomes isolated diplomatically and economically, then his posture within the country may well turn out not to be that strong."

He noted, however, that U.S. intelligence on Libya's internal politics remains sparse and inconclusive. But he said the Reagan Administration intends to increase its pressure on the regime.

"Tactically, there are all sorts of forms of sanctions that can be applied," he said. "It is theoretical - ly possible to use covert activity."

"We have a lot of different tools in our bag, and we need to develop more tools," Shultz said. But if covert action is to be successful, he added, "We need to have in this country a greater appreciation of the importance of being able to do some things secretly."

Refuses Details

Shultz refused to provide any details of the kind of covert action that he believes should be considered. In a speech in January, Shultz said the United States should be willing to employ covert actions carried out by U.S. military forces

against some terrorist targets.

Other Reagan Administration officials have said that the United States already maintains some secret contacts with Libyan dissidents but currently has no major covert program under way to undermine Kadafi's rule.

Reagan approved a covert program last year to aid secret operations waged against Kadafi by other countries in the area, the officials said, but the project was halted after the Washington Post revealed its existence.

The officials said the CIA has been preparing a proposal to revive the program, which they described as seeking to destabilize Kadafi's regime without violating the U.S. legal prohibition on assassinations.

Shultz noted that the Democratic chairman of the House Intelligence Committee, Rep. Lee H. Hamilton (D-Ind.), has introduced legislation that would require an open debate in Congress on major covert operations. "You can't work that way," he complained.

He said he considers the U.S. air strike against Libya on April 15 as "sort of a turning point" in the Administration's policy against terrorism, "in that it was a use of American military power . . . It has a certain pivotal meaning."

Before the Libyan raid, the Administration was divided over the use of military power to retaliate against terrorism, with Shultz urging more frequent use of force over the objections of Defense Secretary Casper W. Weinberger. But after intercepted Libya radio messages indicated that Kadafi's regime ordered the bombing of a West Berlin discotheque on April 5 in which two people were killed and more than 200 injured, all factions of the Administration agreed for the first time that military force was the appropriate response.

Shultz said the raid had sent Kadafi "a powerful message . . . that there's going to be a price, and potentially a very heavy price, for the continuation of terrorist activities." But he acknowledged that it is unclear whether the operation was successful in deterring Libyan-sponsored terrorism.

Asked whether more such raids

are likely if the U.S.-Libyan confrontation continues, Shultz said the Administration intends to use a wide variety of tactics.

"There are now in our hands a great variety of tactical ways of doing things," he said. "What we did in Libya the other day is just one example of a type of military action. There are lots of others. . . . We need to develop a sense of the variety (of tactics) to suit the variety of what it is we're dealing with."

"I do think that the Libyan economy is on the fragile side right now," he said, in part because of the falling price of oil, Libya's sole significant export.

"I think that this is a case in my opinion where some concerted economic sanctions would work," he said, adding: "I'm not a big advocate of economic sanctions."

Despite criticism of the Libya raid by most of the United States' allies, Shultz said he was pleased at the evolution of Western European governments toward the Administration's tougher policy on terrorism.

"There was a time several months ago when you'd get an argument over whether Libya really was involved in terrorism," he said. "(Now) you don't get any argument at all. Nobody doubts it, and everybody agrees that it has to be dealt with. And they are going things."

On other issues, Shultz said he believes it is "very unlikely" that Nicaragua's leftist government will agree to a negotiated settlement with the U.S.-backed rebels, called *contras*, fighting to topple it from power.

But he angrily rejected the charge of former Secretary of State Henry A. Kissinger that the Administration's request for \$100 million in military and non-lethal aid to the rebels is too small to ensure victory for the *contras*.

"Henry Kissinger, I guess, argues that we either have to give up or declare nuclear war," he said. "I don't agree with that. I think that we have got things calibrated."

He predicted that the *contras*, if given U.S. aid, might attract the support of a majority of Nicaraguans dissatisfied with Sandinista rule. "Just what kind of fires this might light up, I think, is difficult to see, but it could be quite exciting," he said.